

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

ARETE POWER, INC.,  
Plaintiff,

No. C 07-5167 WDB

ORDER GRANTING DEFENDANT'S  
MOTION TO TRANSFER VENUE

v.

BEACON POWER  
CORPORATION,  
Defendant.

Now before the Court is the motion of Defendant Beacon Power Corporation to transfer this action to the United States District Court for the District of Massachusetts, pursuant to 28 U.S.C. section 1404. On February 6, 2008, the Court held a hearing on the motion to transfer. Michael Collins, Esq., and Michael Dergosits, Esq., appeared on behalf of Plaintiff Arete Power, Inc.; Steven Cowley, Esq., David Conlin, Esq. and Neil Smith, Esq., appeared on behalf of Defendant. Having considered the papers, the relevant legal authority, and the arguments of counsel, the Court GRANTS the motion for the reasons discussed below.

**FACTUAL BACKGROUND**

Plaintiff Arete Power, Inc. ("Arete") alleges that it is "a corporation organized and existing under the laws of the State of Nevada, with its principal place of business at [Reno, Nevada]." Compl. ¶ 1. Arete further alleges, on information and belief, that Defendant Beacon Power ("Beacon") is "a Delaware corporation with its principal place of business at [Wilmington, Massachusetts]." Compl. ¶ 2. Beacon's registered

1 agent for service of process is The Corporation Trust Company in Wilmington,  
2 Delaware. *Id.* Neither party has a place of business in the Northern District of  
3 California.

4 Arete alleges that it is the owner of United States Patent No. 6,710,489 (the  
5 “‘489 Patent”), issued on March 23, 2004, which pertains to flywheel energy storage  
6 systems (“FESS’s”) that employ mechanical rolling element bearings for radial  
7 support of a vertical axis flywheel, and magnetic bearings to carry the flywheel weight  
8 axially. Compl. ¶¶ 5-7. Arete alleges that Beacon manufactures and sells products  
9 that infringe the ‘489 patent, including the BHE-6, Smart Energy 25 flywheel energy  
10 storage systems, and Smart Energy Matrix multi-flywheel energy storage system (the  
11 “Accused Products”). Compl. ¶ 8.

12 Beacon contends that in September 1998, Beacon began shipping FESS units to  
13 various locations for use in the telecommunications industry (the “TelCom Units”).  
14 Beacon asserts that it shipped all of these TelCom Units before the ‘489 Patent issued,  
15 and that the technology in the Accused Products was embodied in these TelCom Units  
16 before the application for the ‘489 Patent was filed. Hockney Decl. ¶ 5.

17 In opposition to the motion to transfer, Arete asserts that Beacon shipped a  
18 system incorporating an array of infringing FESS’s to San Ramon, California, for use  
19 in a frequency regulation demonstration project for the California Energy Commission  
20 (“CEC”). Gabrys Decl. ¶¶ 11, 12. *See* Def’s Notice of Errata (Docket No. 42)  
21 correcting reference to CEC as Commission for Environmental Cooperation. Arete  
22 Power also contends that Beacon shipped a similar system of infringing FESS’s to  
23 Amsterdam, New York, sometime after the shipment to San Ramon. Gabrys Decl. ¶¶  
24 13, 14.

25 Beacon acknowledges that in September 2005, it shipped to the CEC in San  
26 Ramon a system using an array of Accused Products (the “CEC Array”) to  
27 demonstrate the system’s use in frequency regulation. Hockney Decl. ¶ 6. The CEC  
28

1 Array was shut down on December 22, 2006, and returned to Beacon on May 10,  
2 2007. *Id.*

3 In March 2006, Beacon shipped a similar system using an array of Accused  
4 Products for demonstrating frequency regulation to the New York State Energy  
5 Research and Development Authority in Amsterdam, New York (the “NYSERDA  
6 Array”). The NYSERDA Array was shut down on March 6, 2007. *Id.* ¶ 7.

## 8 DISCUSSION

### 9 **I. LEGAL STANDARD**

10 Beacon seeks a transfer of venue pursuant to 28 U.S.C. § 1404. Section  
11 1404(a) provides as follows:

12 For the convenience of parties and witnesses, in the interest of justice,  
13 a district court may transfer any civil action to any other district or  
14 division where it might have been brought.

15 28 U.S.C. § 1404(a). As the moving party, Beacon has the burden to establish by  
16 particular circumstances that the action should be transferred to the proposed  
17 transferee district. *Commodity Futures Trading Comm’n v. Savage*, 611 F.2d 270,  
18 279 (9th Cir. 1979). A motion to transfer venue is committed to the discretion of the  
19 trial court, which must weigh several case-specific factors affecting convenience and  
20 fairness. *Stewart Org. v. Ricoh Corp.*, 487 U.S. 22, 29 (1988). A motion to transfer  
21 venue should be denied where the transfer would merely shift an equivalent  
22 inconvenience from one party to another. *Decker Coal Co. v. Commonwealth Edison*  
23 *Co.*, 805 F.2d 834, 843 (9th Cir. 1985).

24 On a motion to transfer venue, the Court must first determine whether the  
25 action “might have been brought” in the proposed transferee district. 28 U.S.C. §  
26 1404(a). The proposed transferee court must have subject matter jurisdiction and  
27 proper venue, and the defendant must be amenable to service of process issued by that  
28 court. *See Cambridge Filter Corp. v. Internat’l Filter Co., Inc.*, 548 F.Supp. 1308,

1 1310 (D.Nev. 1982). *See also* Schwarzer, et al., *Rutter Group Practice Guide:*  
 2 *Federal Civil Proc. Before Trial* ¶ 4:713 (2007).

3 Second, the Court must determine whether transfer would allow the case to  
 4 proceed more conveniently and better serve the interests of justice. *Los Angeles*  
 5 *Memorial Coliseum Commission v. National Football League*, 89 F.R.D. 497, 499  
 6 (C.D. Cal. 1981), *aff'd*, 726 F.2d 1381 (9th Cir. 1984).

7 The Federal Circuit applies the law of the appropriate regional circuit governing  
 8 a motion to transfer. *Storage Technology Corp. v. Cisco Systems, Inc.*, 329 F.3d 823,  
 9 836 (Fed. Cir. 2003). In *Los Angeles Memorial Coliseum Commission*, the Central  
 10 District of California summarized the statutory factors set forth in § 1404(a), as well  
 11 as considerations under the doctrine of *forum non conveniens*:

12 In ruling on a transfer motion, a district court must consider each  
 13 of the issues listed in section 1404(a): (1) the convenience of  
 14 parties; (2) the convenience of witnesses; and (3) the interests of  
 15 justice. *Kasey v. Molybdenum Corp.*, 408 F.2d 16, 20 (9th Cir.  
 16 1969). Moreover, since section 1404(a) was “designed as an  
 17 attempt to statutorily embody and modify the doctrine of forum  
 18 non conveniens,” *A.J. Industries, Inc. v. United States District*  
 19 *Court*, 503 F.2d 384, 386 (9th Cir. 1974), the factors weighed by  
 20 courts under the old common law doctrine of forum non  
 21 conveniens should also be considered. This remains true even  
 though the court's discretion under section 1404(a) is broader  
 than it was under the doctrine of forum non conveniens.  
*Norwood v. Kirkpatrick*, 349 U.S. 29, 32 (1955). Some of those  
 factors, discussed by the Court in *Gulf Oil Corporation v.*  
*Gilbert*, 330 U.S. 501, 508-09, 67 S.Ct. 839, 843, 91 L.Ed. 1055  
 (1947), are as follows:

22 the relative ease of access to sources of proof;  
 23 availability of compulsory process for attendance of  
 24 unwilling, and the cost of obtaining attendance of  
 25 willing, witnesses; possibility of view of premises, if  
 26 view would be appropriate to the action; and all  
 other practical problems that make trial of a case  
 easy, expeditious and inexpensive....[The Court will  
 weigh] relative advantages and obstacles to fair trial.

27 *Los Angeles Memorial Coliseum Commission*, 89 F.R.D. at 499. *See also Decker*  
 28 *Coal*, 805 F.2d at 843 (reasoning that although § 1404(a) partially displaces the

1 common law doctrine of *forum non conveniens*, factors affecting the convenience of  
2 the forum are helpful in deciding a § 1404 transfer motion). Because section 1404(a)  
3 contemplates transfer rather than dismissal, transfer is available “upon a lesser  
4 showing of inconvenience” than required for a non-statutory *forum non conveniens*  
5 dismissal, giving the Court broader discretion in deciding a section 1404(a) motion to  
6 transfer. *Reiffin v. Microsoft Corp.*, 104 F.Supp.2d 48, 50-51 (D.D.C. 2000), *pet. for*  
7 *writ of mandamus denied*, 243 F.3d 557, 2000 WL 1229009 (Fed. Cir. 2000).

8       The Ninth Circuit instructs that on a motion to transfer, the district court also  
9 should weigh any relevant public policy in either the forum or the transferee state, as  
10 well as other ““public interest factors of systemic integrity and fairness.”” *Jones v.*  
11 *GNC Franchising, Inc.*, 211 F.3d 495, 499 n.21 (9th Cir. 2000) (citing *Stewart Org.*,  
12 487 U.S. at 30). In an earlier opinion, the Ninth Circuit recognized other public  
13 factors that could be weighed in determining a transfer motion: ““the administrative  
14 difficulties flowing from court congestion; the local interest in having localized  
15 controversies decided at home; the interest in having the trial of a diversity case in a  
16 forum that is at home with the law that must govern the action; the avoidance of  
17 unnecessary problems in conflict of laws, or in the application of foreign law; and the  
18 unfairness of burdening citizens in an unrelated forum with jury duty.”” *Decker Coal*,  
19 805 F.2d at 843 (citing *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 n.6 (1981)  
20 (internal quotation marks omitted)).

## 21 22 **II. Venue Proper in Transferee District**

23       The parties do not dispute that this patent infringement action “might have been  
24 brought” in the District of Massachusetts. The venue statute for patent cases provides  
25 as follows:

26       Any civil action for patent infringement may be brought in the  
27       judicial district where the defendant resides, or where the  
28       defendant has committed acts of infringement and has a regular  
      and established place of business.

1 28 U.S.C. § 1400(b). The Federal Circuit has held that the general venue statutes  
2 extend venue in a patent infringement case to include any district where there would  
3 be personal jurisdiction over the corporate defendant at the time the action is  
4 commenced. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583  
5 (Fed. Cir.1990) (applying 28 U.S.C. § 1391(c) as amended in 1988). It is undisputed  
6 that Beacon’s principal place of business is in the District of Massachusetts, and that  
7 venue in that district would be proper.

### 9 **III. Application of Convenience Factors**

#### 10 **A. The Plaintiff’s Choice of Forum**

11 In the weighing of convenience factors, when the forum plaintiff has chosen is  
12 also the plaintiff’s residence, plaintiff’s choice is given considerable weight and will  
13 not be disturbed unless other factors weigh substantially in favor of transfer. *Royal*  
14 *Queentex Enterprises v. Sara-Lee Corp.*, 2000 WL 246599 at \*3 (N.D. Cal. 2000)  
15 (citing *Decker Coal*, 805 F.2d at 843, which requires a “strong showing of  
16 inconvenience to warrant upsetting the plaintiff’s choice of forum”); *Los Angeles*  
17 *Memorial Coliseum Comm’n*, 89 F.R.D. at 499. *See also Reiffen*, 104 F.Supp.2d at  
18 52. Plaintiff’s choice of forum is entitled to appreciably less weight, however, when  
19 plaintiff does not reside there, or where the forum chosen lacks a significant  
20 connection to the activities alleged in the complaint. *See Piper Aircraft*, 454 U.S. 235,  
21 255-56 (1981) (“Because the central purpose of any *forum non conveniens* inquiry is  
22 to ensure that the trial is convenient, a foreign plaintiff’s choice deserves less  
23 deference.”); *Pacific Car & Foundry Co. v. Pence*, 403 F.2d 949, 954-55 (9th Cir.  
24 1968); *Fabus Corp. v. Asiana Express Corp.*, 2001 U.S.Dist LEXIS 2568 at \*4, 2001  
25 WL 253185 at \*1 (N.D.Cal. March 5, 2001).

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1                   **1.     Nonresident**

2           Arete admits that it does not have a place of business in the Northern District of  
3 California. Opp. at 1. Arete is not incorporated in California, but in Nevada, and its  
4 principal place of business is in Reno, Nevada. As this Court is not Arete's home  
5 forum, the degree of deference to Arete's choice of venue is reduced. *See Piper*  
6 *Aircraft*, 454 U.S. at 255-56.

7           Arete stated during oral argument that it did not file its complaint in its home  
8 forum, the District of Nevada, because it was not clear that there was a sufficient basis  
9 for that court to exercise personal jurisdiction over Beacon. On this record, we cannot  
10 find that Arete's choice of this Court was primarily a product of forum shopping.  
11 Rather, it appears that Arete chose this forum because it is relatively close to its  
12 principal place of business and is well served by means of transportation. Given these  
13 circumstances, we decline to strip plaintiff's choice of forum of any deference at all.

14  
15                   **2.     Connection with Forum**

16           Under Ninth Circuit law, Arete's choice of venue is entitled to less deference if  
17 this district does not have a significant connection with the cause of action. *Pacific*  
18 *Car*, 403 F.2d at 954. Arete contends that its choice of forum should be entitled to  
19 deference because "many if not most of the operative facts giving rise to Arete's claim  
20 of patent infringement occurred in the Northern District of California." Opp. at 5-6.  
21 Arete apparently bases this contention on the fact that Beacon installed an accused  
22 product in San Ramon, California, and operated it there for some sixteen months.

23           In reply, Beacon acknowledges that it had some contacts with California by  
24 shipping and operating the CEC Array to San Ramon, but contends that it was only  
25 shipped for demonstration purposes and was not sold to the CEC. 2d Hockney Decl. ¶  
26 5. The FESS units were vacuum-sealed in steel containers before they were shipped  
27 from Massachusetts, and remained sealed in California. *Id.* ¶ 4. The CEC Array was  
28 operated in San Ramon from about September 2005 to December 2006, and has since

1 been returned to Beacon. Hockney Decl. ¶ 6. This was about the extent of use of the  
2 Accused Products in Amsterdam, New York, where Beacon demonstrated the  
3 potential value of its Array for the NYSERDA from March 2006 to March 2007. *Id.* ¶  
4 7.

5 Arete counters by contending that one of the only two alleged infringing uses of  
6 the Accused Products occurred in California, and that the shipment of the CEC Array  
7 to San Ramon is the earlier known act of patent infringement, and gives rise to Arete's  
8 infringement claim.

9 Arete certainly has established that there is a connection between this forum and  
10 allegedly infringing activity by Beacon. But that fact misses the primary point of our  
11 inquiry at this juncture. The law asks us, here, to identify the principal location of the  
12 legally operative facts – and in patent cases that location generally is where the  
13 allegedly infringing product was designed, developed and produced. *See Neil Bros.*  
14 *Limited v. World Wide Lines, Inc.*, 425 F.Supp.2d 325, 327-28 (E.D.N.Y. 2006). This  
15 makes sense because in determining whether infringement has been established, the  
16 principal target of inquiry is the design and construction of the accused product. The  
17 trier of fact will be asked to compare the claims in the patent with the accused product  
18 – examining its development, its components, its construction, and how it functions.  
19 All of these issues will be best addressed through evidence that is in Massachusetts –  
20 where witnesses, documents, and the accused products themselves will be used to  
21 explore the purposes for which and the manner in which the products were designed  
22 and manufactured. Significantly, the accused products are sizeable – and the only  
23 place any exemplars are now located is Massachusetts (Beacon's home). So  
24 Massachusetts is, by far, the best place for examining their evolution, construction and  
25 operation with the requisite detail and reliability.

26 Moreover, the central issues in this case are not how extensively the accused  
27 products were marketed, or how well they operated in the field, or how deeply they  
28 penetrated any market, or how much economic harm they caused plaintiff to suffer.



1 Apparently Beacon has never sold an accused product – and has been able to  
2 demonstrate its operation only to two entities. The litigation of this dispute will  
3 revolve around two issues: (1) as a matter of design and construction, does the  
4 accused product infringe, and (2) was Arete’s ‘489 patent anticipated by Beacon’s  
5 design, manufacture, and marketing of products in the same field in the late 1990's.  
6 Thus, the evidentiary and behavioral center of the case is in Massachusetts – which,  
7 therefore, is the situs of the operative facts.

8 It follows that while there is some connection between this litigation and  
9 California, the locus of the most legally relevant connection clearly is Massachusetts.

#### 10 11 **B. Convenience of the Parties**

12 Section 1404(a) requires the Court to consider the convenience of the parties  
13 when ruling on a motion to transfer venue. The forum to which Beacon seeks to  
14 transfer this action is its own home forum, Massachusetts, making transfer most  
15 convenient for Beacon. Beacon asserts that the Accused Products were designed,  
16 developed and manufactured in Massachusetts, and that its business records are kept  
17 there. Hockney Decl. ¶¶ 8, 19. In opposition, Arete contends that litigating in  
18 Massachusetts would be a burden, in that the federal district court in Boston is over  
19 2500 miles from Arete’s Reno office, and there are no direct flights between Reno and  
20 Boston. Gabrys Decl. ¶¶ 21, 22. The Oakland courthouse in the Northern District of  
21 California, by contrast, is “relatively convenient” in that non-stop flights are available  
22 between Reno and Oakland and take about 50 minutes. Gabrys Decl. ¶ 18.

23 Arete suggests that Oakland is much more convenient for itself and its  
24 witnesses than Boston, which is ten times farther from Reno than is Oakland. Arete  
25 appears to say that it is willing to suffer a little inconvenience by appearing in this  
26 Court, but not the greater inconvenience of litigating in Massachusetts. Arete offers  
27 no authority for its proposition that its choice of forum is entitled to deference when it  
28 is “relatively” the most convenient forum, but not its home forum. The law requires

1 us to examine the convenience of all the parties, not just the plaintiff – and to try to  
2 identify the forum where the net inconvenience (to all parties) would be least.

3 In this patent infringement case the parties’ convenience will be served by  
4 facilitated access to the witnesses and documents that disclose the history of Beacon’s  
5 relevant products and the design and development of the devices that plaintiff accuses  
6 of infringement. *See B&B Hardware, Inc. v. Hargis Ind.*, 2006 WL 4568798 at \*4  
7 (C.D.Cal. Nov. 30, 2006) (transferring trademark dispute to E.D. Ark.); *Neil Bros.*,  
8 425 F.Supp.2d at 331 (transferring patent infringement action to W.D. Tenn.).

9 Arete’s documents are located in Reno, which is much closer to Oakland than to  
10 Boston. But the relevant Arete documents are limited and readily transportable  
11 (consisting primarily of the patent file and the patent itself). Moreover, Arete must  
12 transfer its documents from its principal place of business whether this action is  
13 litigated here or in the District of Massachusetts. Beacon, on the other hand, would be  
14 spared the inconvenience of having to ship its much more voluminous documents  
15 from Massachusetts to California if the action were transferred to the District Court in  
16 Boston.

17 In addition to documentary evidence about the Accused Products, Beacon  
18 points out that testing equipment and the Accused Products themselves are in  
19 Massachusetts, making access to the FESS’s more convenient for both parties (as well  
20 as the witnesses, jurors and judge) if physical inspection is necessary. Mot. at 14-15  
21 and n.3. Beacon has presented evidence that the FESS units are vacuum-sealed in  
22 thick steel containers that appear to be large and bulky and presumably would be  
23 difficult to transfer to another location. 2d Hockney Decl. ¶ 4 and Fig. 1.

24 We conclude that transferring this action to the District of Massachusetts would  
25 not simply shift an equivalent inconvenience from Beacon to Arete – in part because  
26 Arete already bears some inconvenience by appearing in this Court. Arete has no  
27 place of business in California; its employees would be required to travel for trial and  
28 its records would have to be shipped out of state. Transferring this action to

1 Massachusetts would increase Arete's inconvenience – but not massively, whereas  
2 that transfer would reduce dramatically the inconvenience that litigating this case  
3 would impose on Beacon.

4 Thus, on balance, the convenience to the parties favors transfer to the District of  
5 Massachusetts.

### 6 7 **C. Convenience of Witnesses**

8 The convenience of the witnesses is often the most important factor considered  
9 by the Court in ruling on a motion to transfer. *Steelcase, Inc. v. Haworth, Inc.*, 41  
10 U.S.P.Q.2d 1468, 1470 (C.D. Cal. 1996) (granting motion to transfer patent action to  
11 W.D. Mich.). “To demonstrate inconvenience, the movant should produce  
12 information regarding the identity and location of the witnesses, the content of their  
13 testimony, and why such testimony is relevant to the action. . . . The court will  
14 consider not only the number of witnesses located in the respective districts, but also  
15 the nature and quality of their testimony in relationship to the issues in the case.” *Id.*  
16 In balancing the convenience of the witnesses, courts attend with special care to the  
17 burdens that would be placed on any non-party witnesses. *Royal Queentex*, 2000 WL  
18 246599 at \*6.

19 Among the most significant witnesses on the infringement and anticipation  
20 issues are the inventor(s) and the design and testing engineers. *See Steelcase*, 41  
21 U.S.P.Q.2d at 1470. Important witnesses on the issue of damages include potential  
22 and actual customers and expert witnesses. *Id. See also MTS Sys. Corp. v. Hysitron,*  
23 *Inc.*, 2006 WL 2547698 at \*2 (N.D. Cal. Sept. 1, 2006) (granting motion to transfer  
24 venue).

#### 25 26 **1. Arete's Witnesses**

27 Chief among Arete's witnesses is Dr. Christopher Gabrys, President and Chief  
28 Executive Officer of Arete. He is the sole named inventor of the patent in suit.

1 Gabrys Decl. ¶ 6. He currently resides in Reno, Nevada, where Arete has its principal  
2 place of business. *Id.* ¶ 4. Dr. Gabrys points out that Reno is 222 miles, or 3 ½ hours  
3 by automobile, from the Oakland courthouse, compared to 2500 miles to Boston;  
4 furthermore, he notes that relatively short non-stop flights from Reno to Oakland are  
5 available, but there are no direct flights between Reno and Boston. *Id.* ¶¶ 16-22. Dr.  
6 Gabrys therefore contends that it would be “relatively convenient for me to attend  
7 hearings and trial in Oakland.” *Id.* ¶ 19.

8 Another Arete officer, Timothy Rodgers, who is the Secretary-Treasurer and  
9 Chief Operating Officer, lives in Santa Barbara, California, which is about 330 miles,  
10 or a 5 ½-hour drive, from Oakland, compared to 2500 miles from Boston. *See* Gabrys  
11 Decl. ¶¶ 25-30. A non-stop flight between Santa Barbara and Oakland takes about  
12 one hour and ten minutes, whereas there are no non-stop flights between Santa  
13 Barbara and Boston. *Id.* Mr. Rodgers has informed Arete that “it would be relatively  
14 convenient for him to attend trial in Oakland.” *Id.*

15 Arete expects to call a third witness, J. Michael Neary, the attorney who  
16 prosecuted the patent-in-suit. Mr. Neary resides in LaPine, Oregon, which is about  
17 456 miles from Oakland, or a 7 ½ hour drive. *See* Gabrys Decl. ¶¶ 31-36. Non-stop  
18 flights between Eugene, Oregon, and San Francisco are available, but not between  
19 Eugene and Boston. *Id.* Mr. Neary has informed Arete that “he would likely be  
20 available to testify at trial in Oakland but not in Boston.” *Id.* ¶ 36. In assessing Mr.  
21 Neary’s situation, however, we also may take into account the fact that he has a  
22 minority ownership interest in Arete, an interest that might increase his motivation to  
23 appear voluntarily at a trial in Boston.

24 In sum, while Arete’s witnesses would have to travel regardless of where this  
25 case is tried, their travel burdens would be less if the case remained here.

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## 2. Beacon's Witnesses

Beacon has identified eight potential witnesses who reside in the District of Massachusetts, including former and current engineers and sales and marketing personnel whose testimony might well play important roles in Beacon's invalidity and non-infringement defenses.

Beacon has identified four engineering witnesses who can provide testimony about how the accused products were developed. Among them, Richard Hockney and James Arseneaux are current Beacon employees residing in Massachusetts. Hockney is Beacon's Chief Engineer and is the lead inventor on U.S. Patent No. 6,262,505, which was cited as prior art to the '489 Patent. Hockney Decl. ¶ 13. Arseneaux was the project manager for the installations of the CEC and NYSERDA Arrays and is familiar with the use of the Accused Products in those Arrays. Hockney Decl. ¶ 14.

Beacon also expects testimony from two of its former engineers: Norman Brackett, who resides in Massachusetts, and Omar Kabir, who apparently resides in New York. 2d Hockney Decl. ¶ 8. Hockney, Brackett and Kabir are expected to testify about the design, development, function and operation of Beacon's Accused Products. Kabir and Brackett are familiar with the state of the art of dampening systems at the time the application for the patent-in-suit was filed. They also would offer testimony about how the technology in the Accused Products was embodied in the products that Beacon was producing before Arete's patent application was filed. Mot. at 6-7.

Beacon also expects to call Mark Manganeli, a current Beacon employee who resides in Massachusetts and who is familiar with the accounting for the CEC Array and NYSERDA Array.

In addition, Beacon has identified four former and current employees whose testimony would be offered to describe meetings between Beacon and Dr. Gabrys, Arete's President, during which Dr. Gabrys allegedly acquired information about Beacon's TelCom Units (the alleged prior art) before the '489 Patent application was

1 filed. Hockney Decl. ¶ 15. Of these witnesses, only Ward Spears is a current Beacon  
2 employee; he resides in Massachusetts. Michael Favaloro, a former Beacon  
3 employee, also resides in Massachusetts. Two other former Beacon employees live  
4 outside Massachusetts: Sharad Moghe is believed to reside in Ohio, and David  
5 Hezzell is believed to reside in California. *Id.*

6 Beacon has identified two witnesses, both of whom live in Massachusetts, who  
7 would offer testimony about Beacon's marketing. Harvey Wilkinson is a former  
8 Beacon employee who is expected to testify about the marketing of Beacon's TelCom  
9 Units. Hockney Decl. ¶ 16. Matthew Lazarewicz is a current Beacon employee who  
10 is expected to testify about efforts to market the CEC and NYSERDA Arrays.

11 Hockney Decl. ¶ 17.

12 While there likely would be some overlap among the subjects covered by the  
13 witnesses Beacon has identified, we have no basis for a finding that Beacon has  
14 padded or manipulated its list in order to exaggerate the inconvenience that litigating  
15 this case in this forum would impose. Each of the proffered witnesses will offer  
16 presumptively relevant information – and many would appear to be sources of  
17 evidence that is likely to play a significant role in determining the outcome of the two  
18 major issues in this litigation (infringement and invalidity). Looking primarily to the  
19 convenience of the six non-party witnesses identified by Beacon, three of them  
20 (Brackett, Wilkinson, and Favaloro) are Massachusetts residents. Beacon represents  
21 that Brackett and Wilkinson have indicated that they would be available for only  
22 limited times due to work obligations and travel demands if the action were litigated  
23 in California. Hockney Decl. ¶ 18.

24 The other non-party witnesses identified by Beacon are Kabir, a New York  
25 resident, Moghe, a resident of Ohio, and Hezzell, a resident of California. This district  
26 is presumably more convenient for Hezzell, but it is quite likely that Massachusetts is  
27 more convenient for Kabir and Moghe.

1 All five of Beacon's employee witnesses, Hockney, Arseneaux, Manganeli,  
2 Spears, and Lazarewicz, reside in Massachusetts. With a total of eight witnesses  
3 residing in Massachusetts, the balance tips heavily in favor of transfer.

4 Arete contends that traveling to Massachusetts would be extremely  
5 inconvenient for its witnesses, who would prefer to litigate on the West Coast. But as  
6 Arete's witnesses do not reside in this district, they would be inconvenienced by travel  
7 regardless of where the case is tried. *See Royal Queentex*, 2000 WL 246599 at \*7. As  
8 it now stands, all of Arete's witnesses would be required to travel to the Northern  
9 District of California, as none of them reside here. While transferring this action to  
10 the District of Massachusetts would increase the travel inconvenience to Arete's  
11 witnesses, that transfer would decrease, by much greater margins, the travel  
12 inconvenience for the larger number of Beacon witnesses.

13 We conclude that the substantial net increase in convenience for parties and  
14 witnesses that would result from transferring this litigation to Massachusetts clearly  
15 outweighs the modest presumption in favor of Arete's choice of venue.

#### 16 17 **IV. Interest of Justice**

18 Section 1404(a) also requires us to consider how the "interest of justice" would  
19 be affected by transferring this case to Massachusetts or declining to order that  
20 transfer. Factors that may be relevant to this inquiry include (1) the relative ability of  
21 each of the two courts to compel attendance of witnesses, (2) the relative ability of the  
22 two courts to provide direct access by witnesses and jurors to tangible evidence or to  
23 pertinent premises, (3) promoting consistency among court rulings that affect the  
24 development and trial of this case, (4) reducing the aggregate transaction costs  
25 imposed by the litigation on the parties, (5) providing the most expeditious access to  
26 judicial resources and a trial date, (6) assessing the relative intensity in the two  
27 jurisdictions of any local interests that the litigation might implicate, and (7) the  
28

1 relative levels of familiarity of the judges in the two courts with the substantive law  
2 they would be called upon to construe and apply in this case.

3  
4 **A. Attendance of Witnesses**

5 The availability of compulsory process to compel the attendance of unwilling  
6 witnesses is an important factor.<sup>1</sup> *See Cambridge Filter Corp.*, 548 F.Supp. at 1311  
7 (granting motion to transfer to N.D. Cal.).

8 If this litigation proceeds in this Court, five of the non-party witnesses that  
9 Beacon has identified would be beyond the range of compulsory process, whereas  
10 only one of Arete's non-party witnesses could not be subpoenaed. And Arete has  
11 suggested that it identified that witness (David Campbell, a former employee who  
12 lives in Maryland) only out of an abundance of caution – not because he is expected to  
13 be the source of significant evidence.

14 Viewing the matter from a different perspective, we note that if the litigation  
15 proceeds in this court there is only one non-party witness, Mr. Hezell, who would be  
16 within range of compulsory process. Moreover, it is not at all clear that Mr. Hezell's  
17 testimony is likely to contribute significantly to the just resolution of any important  
18 issue in this case. A former Beacon employee, he apparently could provide evidence  
19 about meetings between Beacon officials and Dr. Gabrys (the named inventor on  
20 plaintiff's patent) that occurred before Arete submitted the application that led to the  
21 issuance of the '489 patent. It appears, however, that there are at least two other  
22 witnesses who have testimony to offer on that same subject – both of whom reside in  
23 Massachusetts and one of whom, no longer being employed by Beacon, might well  
24 decline to testify in California voluntarily.

25  
26 <sup>1</sup> Beacon erroneously assumes that this Court's subpoena power could reach only those  
27 non-party witnesses who reside within 100 miles. Mot. at 14. This Court's subpoena power extends  
28 throughout the state of California pursuant to Fed.R.Civ.Proc. 45(b)(2)(C), which provides that a  
subpoena may be served anywhere within the state of the issuing court if a state statute allows state-wide  
service of a subpoena issued by a state court of general jurisdiction. Section 1989 of the California  
Code of Civil Procedure authorizes such state-wide service.



1 In contrast, if this litigation proceeds in Massachusetts, several non-party  
2 witnesses will be within subpoena range – and several others who are outside that  
3 range will be much closer to the site of the trial than they would be if it were  
4 proceeding in California, so they might be less resistant to appearing in Massachusetts  
5 voluntarily.

6 In sum, the respective courts’ ability to compel witness attendance favors  
7 transfer to the District of Massachusetts.

8 In some cases, it is important, as an additional aspect of the analysis of the  
9 “interest of justice,” to compare (in the two candidate courts) ease of access to  
10 premises or to immovable physical evidence. In the case at bar, there likely would not  
11 be a need for jurors or witnesses to inspect or view any particular premises or piece of  
12 real property, but being able to examine the Accused Products, or to see the process  
13 by which they are made, might advance the interest of justice. As we have pointed  
14 out, the specific products that Arete accuses in this lawsuit are encased in large,  
15 apparently heavy, sealed metal casings. These casings would be difficult to move to  
16 California from Massachusetts. It would be much easier to view them, and the plant at  
17 which the accused products were developed and manufactured, if the case were  
18 venued in Massachusetts. Because it would be much easier and cheaper to arrange  
19 for such inspections and viewing in Massachusetts than it would be here, it is more  
20 likely that these sources of potentially useful information and evidence would be made  
21 available to witnesses and triers of fact if the case were transferred.

## 22 23 **B. Consistency in Court Rulings**

24 As a general proposition, the interest of justice is advanced to the extent that  
25 one court (rather than two or more) is the source of the rulings and judicial guidance  
26 that are provided in any one case. Concentrating responsibility for rulings and  
27 guidance in one court reduces both inefficiencies (eliminating the need for judges in  
28

1 other courts to become familiar with the case and the pertinent law) and the risk that  
2 the parties or witnesses will be subject to inconsistent directives.

3 In the case at bar, several non-party depositions are likely to be taken, and some  
4 non-party subpoenas are likely to be served, in the District of Massachusetts. None  
5 are likely to be taken or served in the Northern District of California. If disputes arise  
6 during such depositions, or as a result of subpoenas issued to non-party witnesses or  
7 entities, the Court to which the parties must turn for rulings is the District of  
8 Massachusetts. *See, e.g.*, Fed.R.Civ.P. 45(c)(2)(B). Permitting this case to proceed in  
9 the Northern District of California thus creates a substantial risk that two different  
10 courts would be called upon to learn the case and to issue rulings that affect the scope  
11 and timing of discovery.

12 If this litigation is venued in Massachusetts there will be appreciably less risk  
13 that multiple courts will be required to address discovery disputes. Most of the  
14 significant discovery is likely to take place in Massachusetts, where at least eight of  
15 the likely witnesses reside. Little discovery of moment, if any, is likely to take place  
16 in the Northern District of California. Moreover, if the case is venued in the District  
17 of Massachusetts, counsel can elect to take to that court even disputes that arise in  
18 depositions being taken in other states if the deponent is a party or is legally aligned  
19 with or controlled by a party (e.g., is a current employee at a certain level).  
20 Fed.R.Civ.Proc. 30(d)(3). Thus, only if the case is venued in Massachusetts is there a  
21 substantial likelihood that all pretrial rulings and guidance would emanate from a  
22 unitary judicial source. The significance of this factor grows with the subtlety and  
23 complexity of the case and the evidentiary issues it is likely to generate – and this is a  
24 patent case at whose center are some extremely sophisticated scientific processes and  
25 products.

26 //

### 1           **C.     Aggregate Transaction Costs**

2           While it may not be conventional to do so, we think that an analysis of the  
 3 “interest of justice” should include some consideration of the transaction costs that are  
 4 likely to be generated by the litigation. As the expense of litigating has increased in  
 5 this country (at a pace that far exceeds the rate of inflation), rising litigation  
 6 transaction costs have posed an ever greater threat to the “interest of justice.”  
 7 Foreseeable transaction costs dissuade some people who have legally cognizable  
 8 claims or viable defenses from using the court system at all (plaintiffs who never file;  
 9 defendants who default rather than contest claims). And for those who try to use the  
 10 court system, transaction costs often become sources of decision-distorting pressures  
 11 or outright abandonment of rights. Our concern about the health and the accessibility  
 12 of the system of civil justice compels us to take into account the implications of venue  
 13 selection for transaction costs. If the total cost (to all parties) of litigating a case is  
 14 likely to be appreciably less in one venue than in another, we have a duty to consider  
 15 this factor when trying to identify the venue in which litigating the case would  
 16 advance most the “interest of justice.”<sup>2</sup>

17           Arete contends that trying this case in Massachusetts will cost more because of  
 18 the greater travel distance from Reno. This argument does not account for the fact  
 19 that Arete will likely be required (by applicable law) to conduct most of the discovery  
 20 in Massachusetts anyway, in light of the fact that most of the witnesses reside there.  
 21 As we have noted, none of the parties and none of the witnesses reside in the Northern  
 22 District of California. Moreover, it appears that most of the significant non-party

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23  
 24           <sup>2</sup>       When we address “total transaction costs” to the litigants in this setting we are not merely  
 25 re-hashing our assessment of the relative expense burdens that we considered when we reviewed the  
 26 “convenience of parties.” When assessing the parties’ convenience, we are primarily interested in  
 27 determining, for each separately considered venue, whether proceeding there would be appreciably  
 28 more expensive for one party than for the other. By contrast, when we examine the expense burden in  
 this section we are trying to determine whether the total net cost of the litigation would be appreciably  
 greater in one of the proposed venues than in the other(s). So in this part of our analysis we are trying  
 to aggregate the total economic burden, direct and indirect, that the litigation is likely to impose on all  
 parties – and to determine whether it appears that that aggregate burden would be substantially greater  
 in one of the proposed venues than in the other(s).

1 witnesses reside either in Massachusetts or in states that are much closer to  
2 Massachusetts than to California (New York, Ohio, and Maryland). Thus, if the trial  
3 were conducted here in Oakland, many more witnesses would be required to travel  
4 much greater distances than if it is tried in Boston.

5 Furthermore, for many years Beacon has made products in Massachusetts that it  
6 contends are central to its “anticipation” and “obviousness” defenses. Exemplars of  
7 these products (as well as of those that Arete has directly accused), and the  
8 documentary evidence about their design and development, all are located in the  
9 Boston area. By contrast, Arete apparently has no products that are available for  
10 inspection or demonstration, and it would be required to copy and transport its  
11 documentary evidence somewhere (here or Boston) regardless of where the litigation  
12 proceeds.

13 Taking all these circumstances into account, it seems likely that the net  
14 (aggregate) cost of fairly litigating this case would be appreciably lower if it were  
15 venued in Boston than if it were venued here.

#### 16 17 **D. Other Considerations**

18 The Court may consider relative court congestion on a motion to transfer, but  
19 this factor usually is not a major consideration. *Royal QueenTex*, 2000 WL 246599 at  
20 \*8. Moreover, it is not clear that there is any material difference in “congestion”  
21 between the two candidate courts. Statistics published by the Administrative Office of  
22 the United States Courts for 2006 show that weighted filings (civil and criminal) per  
23 judgeship were much higher in the Northern District of California (621) than in the  
24 District of Massachusetts (306), but those same statistics also show that the median  
25 times from filing to disposition and from filing to trial were longer in the  
26 Massachusetts federal court (9 months and 28 months, respectively) than they were in  
27 the Northern District of California (7.4 months and 25.0 months, respectively). 2006  
28 *Federal Court Management Statistics* 38, 127 (Administrative Office of the United

1 States Courts 2007). While these figures could be interpreted to suggest that cases are  
2 processed with greater efficiency in this district than in Massachusetts, they also could  
3 support an inference that litigants could have access to more judicial resources and  
4 prompter judicial attention (on a per case basis) in Boston than in Northern California.

5 Arete also contends that the litigation is likely to be more streamlined here than  
6 in Boston because this court has adopted specialized local rules that govern the  
7 pretrial development of patent cases. It is judicially noticeable, however, that  
8 Massachusetts is the locus of considerable high-tech innovation and business activity,  
9 as well as of the kind of litigation that accompanies such activity. Thus, it is  
10 reasonable to assume that judges in the federal court in Boston are likely to have had  
11 considerable exposure to patent litigation. We certainly cannot presume that simply  
12 because we have promulgated a set of procedural rules that presumptively apply to  
13 patent cases that our judges will manage such cases with greater sophistication or  
14 efficiency than the judges of the District of Massachusetts. The fact that judges in the  
15 District of Massachusetts appear to have more time per case than we do might increase  
16 the likelihood that they would be able to tailor case development plans that are more  
17 sensitive to the specific circumstances of each litigated matter.

18 Nor is there any basis for assuming that the judges of this court would be more  
19 familiar with the substantive legal norms that will apply in this case than the judges  
20 who sit in the District of Massachusetts. The claims and defenses that the parties will  
21 litigate are governed exclusively by federal patent law; substantive local law will play  
22 no significant role. Federal judges sitting in comparably situated courts are presumed  
23 to be comparably familiar with federal law.

24 This case has not been pending long enough for any judge of this court to have  
25 invested significant time in learning about the facts and circumstances out of which it  
26 arises. It follows that transfer would not cause a duplication of learning by a judge in  
27 Boston.

1 Nor do the parties have pending here any motions or other pretrial problems  
2 whose disposition or resolution would be delayed by the proposed transfer. *Cf. Allen*  
3 *v. Scribner*, 812 F.2d 426, 436 (9th Cir.), *amended by* 828 F.2d 1445 (9th Cir. 1987)  
4 (3½ year pendency of litigation counseled against change of venue).

5 The authorities suggest that when weighing the competing interests in a setting  
6 like this we also may ask whether California or Massachusetts has any specific  
7 interests or applicable public policies that this litigation would implicate and that  
8 would elevate either state's concern about the issues presented by this lawsuit or its  
9 outcome. *Decker Coal*, 805 F.2d at 843. Arete has neither alleged state law claims  
10 nor identified any California public policy for which this case could have significant  
11 implications. *Cf. Jones*, 211 F.3d at 498-99. Arete is not a resident of California – so  
12 this litigation would not even implicate a generalized interest that California would  
13 have in protecting, promoting, or disciplining local businesses. Beacon, on the other  
14 hand, is a resident of Massachusetts – so Massachusetts presumably has some interest  
15 in how Beacon behaves and its fate as an employer and taxpayer. But this interest is  
16 so general and so obliquely implicated by this litigation that this factor deserves little  
17 weight in our analysis.

## 18 19 **V. Balance of Factors**

20 When we review all of the pertinent factors, and focus on those that are most  
21 analytically significant, we conclude that the balance tips sharply in favor of  
22 transferring this case to the District of Massachusetts. As we have indicated, this is  
23 not a situation in which moving the case to the other candidate court simply would re-  
24 locate an equivalent burden from plaintiff to defendant. The burden that would be  
25 imposed on Beacon by keeping the case here would be much greater than the burden  
26 that would be imposed on Arete by moving it to Boston. The center of evidentiary  
27 gravity in this matter clearly is in the Boston area – where there are more witnesses,  
28 more documents, more relevant products and the only relevant premises. While

1 Oakland is closer to Arete's headquarters than Boston, neither Arete nor any of its  
2 witnesses reside here. None of Arete's documents are here. It has no products to  
3 display or premises that might need to be inspected. Moreover, there will be  
4 appreciably less risk of skewed or incomplete development or presentation of the  
5 evidence if the case is litigated in Massachusetts – because more of the important  
6 witnesses reside there and are within the subpoena range of that District Court and  
7 because the accused devices and the allegedly 'anticipating' products are readily  
8 accessible there. Litigating the case in the District Court of Massachusetts also  
9 reduces the risk that this litigation will needlessly consume extra judicial resources or  
10 that inconsistent judicial rulings or guidance will compromise the development of the  
11 evidence or the management of the pretrial process.

### 12 13 CONCLUSION

14 For the reasons detailed above, we HOLD that the convenience of the parties  
15 and the witnesses and the interest of justice would be served best by transferring this  
16 action to the District of Massachusetts. Therefore, pursuant to 28 U.S.C. § 1404(a),  
17 we GRANT Beacon's motion and ORDER THE TRANSFER OF THIS CASE TO  
18 THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF  
19 MASSACHUSETTS. The Clerk shall transfer the file.

20  
21 **IT IS SO ORDERED.**

22 Dated: February 22, 2008

23  
24   
25 WAYNE D. BRAZIL  
United States Magistrate Judge  
26  
27  
28